

## HOUSE BILL No. 1317

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### DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 8-1-1-5; IC 8-1-2-58.1.

**Synopsis:** IURC and utility audits. Provides that every three years, beginning in 2026, the state board of accounts shall conduct an audit of the funds, accounts, financial affairs, and all compliance related matters of the Indiana utility regulatory commission (IURC) for the state fiscal year ending in the year in which the audit is conducted. Provides that a report of an audit conducted under these provisions must be submitted to the executive director of the legislative services agency for distribution to members of the general assembly. Provides that the IURC: (1) may, with good cause, as part of an examination, inquiry, or investigation authorized by specified statutes conduct a forensic audit of a public utility; and (2) shall as part of a base rate case that is filed with or pending before the IURC after December 31, 2025, for a change in a public utility's basic rates and charges, conduct a forensic audit of the public utility. Authorizes the IURC to appoint: (1) an independent accounting firm; or (2) another qualified agent; with experience or expertise in conducting forensic audits to conduct a forensic audit under these provisions. Specifies the scope of a forensic audit under these provisions. Provides that upon the completion of a forensic audit, the IURC may do the following: (1) Issue an order directing the public utility to take actions to correct or cure certain acts or practices examined as part of the audit. (2) Refer any suspected criminal activities uncovered during the audit to an appropriate law enforcement agency or prosecutorial agency or official. Specifies how expenses incurred by the IURC or the IURC's agent in conducting a forensic audit under this section shall be charged and paid.

**Effective:** January 1, 2026 (retroactive); July 1, 2026.

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**Bartlett**

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January 6, 2026, read first time and referred to Committee on Utilities, Energy and Telecommunications.

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Introduced

Second Regular Session of the 124th General Assembly (2026)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2025 Regular Session of the General Assembly.

## HOUSE BILL No. 1317

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A BILL FOR AN ACT to amend the Indiana Code concerning utilities.

*Be it enacted by the General Assembly of the State of Indiana:*

1        SECTION 1. IC 8-1-1-5, AS AMENDED BY P.L.30-2006,  
2        SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3        JULY 1, 2026]: Sec. 5. (a) The commission shall in all controversial  
4        proceedings heard by it be an impartial fact-finding body and shall  
5        make its orders in such cases upon the facts impartially found by it. The  
6        commission shall in no such proceeding, during the hearing, act in the  
7        role either of a proponent or opponent on any issue to be decided by it.  
8        All evidence given in any such proceeding shall be offered on behalf  
9        of the respective parties to, or appearing in, the proceeding and not in  
10       the name or behalf of the commission itself.

11        (b) Any report, audit, examination, or analysis prepared by the  
12        commission staff at the request or direction of the commission may be  
13        made a part of the record of the proceeding, subject to  
14        cross-examination by any party of the person who performed or  
15        directed the preparation of the report, audit, examination, or analysis.

16        (c) If in any such proceeding the public interest is not otherwise  
17        adequately represented by counsel, in the opinion of the commission,



1       it shall be the duty of the utility consumer counselor, if requested by the  
2       commission, to make adequate preparation for the presentation of the  
3       interests of the public in such proceeding and the utility consumer  
4       counselor shall at the hearing represent the public interests therein  
5       involved.

6       (d) However, nothing in this section prevents the commission from  
7       instituting, prosecuting, hearing, or determining any investigation or  
8       proceeding which it is authorized to do, or make, on its own motion by  
9       any law with the administration of which it is charged.

10      (e) Except as otherwise provided in this chapter, no member or  
11       employee of the commission assigned to make findings of fact and  
12       conclusions of law in a formally docketed evidentiary proceeding may  
13       communicate in connection with any issue of fact or law disputed in  
14       that proceeding with any party or any party's representative, except on  
15       notice and with opportunity for all parties to participate.

16      (f) In addition to holding an executive session in the instances  
17       described in IC 5-14-1.5-6.1(b), the commission may hold an executive  
18       session to deliberate on a proposed order if all the following are  
19       satisfied:

20       (1) All evidence on the matter has been received by the  
21       commission.

22       (2) The deliberations are preparatory to taking final action on an  
23       order subject to judicial review.

24       (3) Only the following are permitted to participate in the  
25       executive session:

26       (A) Commission members.

27       (B) Commission employees who are formally assigned to  
28       advise or assist in preparing the order, including the  
29       commission's technical staff and attorneys.

30       IC 5-14-1.5-5, IC 5-14-1.5-6.1, and IC 5-14-1.5-7 apply to an executive  
31       session held under this subsection.

32       (g) A person who violates this section commits a Class C infraction.

33       (h) **Notwithstanding IC 5-11-1-25 or any other law, every three**  
34       **(3) years, beginning in 2026, the state board of accounts shall**  
35       **conduct an audit of the commission's funds, accounts, financial**  
36       **affairs, and all compliance related matters for the state fiscal year**  
37       **ending in the year in which the audit is conducted. A report of an**  
38       **audit conducted under this subsection shall be submitted to the**  
39       **executive director of the legislative services agency for distribution**  
40       **to the members of the general assembly not later than November**  
41       **1 of the calendar year that includes the end of the state fiscal year**  
42       **covered by the report. The report submitted to the executive**



1       **director of the legislative services agency under this subdivision**  
2       **must be in an electronic format under IC 5-14-6.**

3       SECTION 2. IC 8-1-2-58.1 IS ADDED TO THE INDIANA CODE  
4       AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE  
5       JANUARY 1, 2026 (RETROACTIVE)]: Sec. 58.1. (a) As used in this  
6       chapter, "affiliate" means any person who directly or indirectly:

- 7           (1) controls;
- 8           (2) is controlled by; or
- 9           (3) is under the common control of;

10      another person. The term includes a parent company or a  
11      subsidiary.

12      (b) As used in this section, "public utility" means an investor  
13      owned utility that:

- 14           (1) provides utility service in Indiana to the public for  
15           compensation; and
- 16           (2) is under the jurisdiction of the commission for the  
17           approval of rates and charges.

18      The term includes an affiliate of the public utility.

19      (c) As used in this section, "utility service" means:

- 20           (1) electric;
- 21           (2) natural gas;
- 22           (3) water; or
- 23           (4) wastewater;

24      service that is provided at retail.

25      (d) The commission:

26           (1) may, with good cause, as part of:

- 27              (A) an examination or audit under section 17 of this  
28              chapter;
- 29              (B) an inquiry under section 115 of this chapter; or
- 30              (C) an investigation:

- 31                (i) on its own motion under section 58 of this chapter;
- 32                (ii) upon a complaint made under section 54 of this  
33                chapter; or
- 34                (iii) at the request of the utility consumer counselor;

35      conduct a forensic audit of a public utility; and

36      (2) shall as part of a base rate case that is:

- 37              (A) filed with; or
- 38              (B) pending before;

39      the commission after December 31, 2025, for a change in a  
40      public utility's basic rates and charges, conduct a forensic  
41      audit of the public utility.

42      (e) The commission may appoint under section 51 of this



1       **chapter:**  
2        (1) an independent accounting firm; or  
3        (2) another qualified agent;  
4        with experience or expertise in conducting forensic audits to  
5        conduct a forensic audit under this section.  
6        (f) Subject to subsection (g), a forensic audit of a public utility  
7        under this section may include one (1) or more of the following:  
8        (1) An examination of the accuracy of the accounts and  
9        reports of the public utility.  
10       (2) An examination of specific transactions or documents of  
11        the public utility.  
12       (3) Subject to section 74 of this chapter, interviews of officers,  
13        employees, or contractors of the public utility.  
14       (4) An examination of the public utility's:  
15           (A) lobbying activities;  
16           (B) legislative action efforts; or  
17           (C) other political activities;  
18        including the amounts and recipients of expenditures made in  
19        connection with those activities or efforts.  
20        (5) Any other examination or investigation necessary to  
21        determine whether the public utility has complied with state  
22        law or the commission's rules and orders.  
23        (g) In accordance with section 62 of this chapter, the  
24        commission or the commission's agent has the power to administer  
25        oaths, certify official acts, issue subpoenas, compel the attendance  
26        of witnesses, and compel the production of books, accounts, papers,  
27        records, documents, and testimony in connection with a forensic  
28        audit conducted under this section. However, upon request of the  
29        public utility subject to the forensic audit, the commission shall  
30        determine whether any testimony or materials provided in  
31        connection with the forensic audit:  
32           (1) are confidential under IC 5-14-3-4;  
33           (2) are exempt from public access and disclosure by Indiana  
34           law; and  
35           (3) must be treated as confidential and protected from public  
36           access and disclosure by the commission.  
37        (h) Upon the completion of a forensic audit under this section,  
38        the commission may do one (1) or more of the following:  
39           (1) In an order issued:  
40              (A) under section 69 of this chapter; or  
41              (B) in a base rate case described in subsection (d)(2);  
42              as applicable, direct the public utility to take such actions as



**the commission determines necessary to correct or cure any acts or practices examined as part of the audit and found to be unjust, unreasonable, unsafe, insufficient, preferential, unjustly discriminatory, or in violation of any provisions of state law or the commission's rules and orders.**

**(2) Refer any suspected criminal activities uncovered during the audit to an appropriate law enforcement agency or prosecutorial agency or official.**

**(i) Expenses incurred by the commission or the commission's agent in conducting a forensic audit under this section shall be charged and paid in the manner provided in IC 8-1-6. Expenses for witnesses who appear before the commission or the commission's agent in connection with a forensic audit shall be paid by:**

- (1) the state; or
- (2) parties other than the commission;

**as prescribed by section 63 of this chapter.**

### **SECTION 3. An emergency is declared for this act.**

